

2244

SECRETARY OF DEFENSE WILLIAM J. PERRY
PRESS CONFERENCE, OUTLINING AREAS OF DISCUSSION WITH CHINESE LEADERS
BEIJING, CHINA
OCTOBER 18, 1994

Secretary Perry: Good afternoon. I came here at the invitation of the Minister of National Defense, Minister Chi, and I have had extensive meetings with him in the last two days. I also met with Liu Huqing, Vice Chairman of the Central Military Committee, with Minister Ding of the COSTIND, met with Vice Premier Qian and this afternoon with Premier Li Peng. The visit is not over. I expect to meet tomorrow with President Jiang Zemin and then travel to Chongqing for World War II commemoration ceremonies.

I came here to re-establish the communication with the PLA and the China defense establishment. I came here because I believe it is important that we have an open dialogue. China is after all the most populous country in the world. It is a regional power of great influence and it borders many areas of instability. China is a major growing economy, one of the fastest growing economies in the world. And the PLA is an important institution in China which will help shape China's future and influence Chinese policy making.

This trip was in the context of President Clinton's constructive engagement policy with China. It's part of a broader dialogue, and the military-to-military component to that can only proceed in concert with the other elements of that dialogue. I came here with the idea of putting a focus on six different areas which I'll discuss for you in a minute. But I should say explicitly that the two areas which we are not here to discuss and did not discuss: we did not discuss military technology transfer, and we did not discuss, nor was I here to promote, arms sales.

Having ruled out those two areas, let me talk about the six areas that we did discuss in some detail in the last few days. The first of these was the regional security issues that concern both the United States and China. A special focus was on Korea. We confirmed to China and China confirmed to us our mutual goals of a non-nuclear peninsula. We briefed the Chinese officials on the status of the Geneva discussions and on the framework agreement which was reached today by our two negotiators. We found a remarkable similarity in the approach between the Chinese and the Americans on this issue.

The second area we discussed was proliferation of weapons of mass destruction and their delivery means. We came to discuss what we

2245

can do cooperatively to contain the spread of such weapons. Both the United States and China have special responsibilities as that handful of nations that are capable of producing both nuclear weapons and ballistic missiles. We discussed the military technology control regime and expressed our hopes that we could bring China into that as a full member. We got a frank two-way exchange on the need to support the global nonproliferation regime.

The third area we discussed was nuclear testing and the nonproliferation treaty. Chinese officials affirmed China's intent to join the comprehensive test ban treaty, to support a comprehensive test ban treaty in 1996. We welcomed that statement but in addition pointed out the wisdom of China stopping the testing well before '96 and we discussed various technical ways in which that might be done.

A fourth area of concern was defense conversion, and at this meeting we launched the U.S. and China Defense Conversion Commission which I chair along with Minister Ding, who is the chairman of COSTIND. At this meeting we signed a statement of principles and discussed several particular programs which we want to cooperate in. Our goal here is to assist in the conversion of the defense industries to the production of commercial products, and we believe that cooperation between our two nations will facilitate that goal. Cooperation here is with the defense industries, not with the PLA. The discussions focused on how U.S. companies can form business partnerships with Chinese defense enterprises in the production of commercial goods and products. Again, we are not talking about arms sales or military technology transfer. One example of a particular area which we discussed and agreed to find avenues of cooperation is in China's air traffic control system. There is a tremendous potential here for the application of commercial technology to produce a great improvement in the Chinese air traffic control system and we believe that American companies can play an important role in that process. We also talked about the potential application to electric vehicles and to the production of electricity by coal in environmentally safe ways.

A fifth area we discussed was the area of human rights, and although this field is not the primary responsibility either of the Minister of National Defense here or the Department of Defense in the United States, it is clear that progress on the military-to-military issues would depend on progress in the broader dialogue, including human rights. And we urge the PLA to exert a positive influence on this problem.

And the sixth area we discussed is what we call transparency in defense matters. Here we had a very extensive dialogue. We discussed the desirability of openness: in defense plans,

2246
2247

defense budget and defense strategy. Pointed out that that transparency can reduce the concern of neighbors of China, that their military modernization program could provide a threat to them. In the United States' judgement, China's military program does not pose a threat. Nevertheless, because of the lack of knowledge about the details of this program many of the neighbors have that concern. We talked about our plans and offered to the Chinese exchanges of information in defense planning, in defense strategy, defense programs and we believe this exchange will bear fruit in terms of future briefings. As a sub-category, we talked about increasing the contacts among our officers and personnel, and I opened that door today with a meeting at the National Defense University where I gave them a detailed description of U.S. policy in Asia and the Asia-Pacific region.

What we have started this week is the first step of a long journey. We are putting into place one dimension of the overall policy of President Clinton's program of broad constructive engagement with China. I have been struck by the quality of the dialogue. And I believe that we have enhanced the mutual trust and understanding to the benefit of both countries. The dialogue with the PLA, which plays a key role in many Chinese policy areas, is in the security interest in both countries and contributes to the peace and stability in the region and indeed to the world. I was privileged on this visit to have with me two eminent senators: Senator Nunn, the Chairman of the Senate Armed Services Committee, and Senator Warner, senior senator from Virginia and a respected member of the armed services committee, well known and well respected for his expertise in National security matters. They have made an enormous contribution to this trip and I'd like to turn the podium for a few moments over to Senator Warner to have his comment on the trip. John.

Senator Warner: Thank you Mr. Secretary. I would say that without any equivocation that Secretary Perry together with the advice of a distinguished member of the Diplomatic Corps, Ambassador Roy laid the corner stone for the foundation of the building a new military to military relationship with China. They did it in a way to not exceed the intangible but nevertheless existing level of expectation the Chinese had. And that took a great deal of skill and balance. Also I feel very strongly that the long-term interest of the United States are parallel in many respects to that of mainland China and at the extent that we can build these relationships will lessen tensions in the regions and indeed we can form partnerships to resolve tensions such as those that today exist and perhaps will be lessened on the Korean Peninsula. So I congratulate you Mr. Secretary for a job well done and I appreciate the opportunity to join with you on this very exciting trip.

MODERATOR: We'll take questions now. Please identify yourself

2248

and your publication when you start. Charlie?

QUESTION: Charlie Aldinger from Reuters. You said that progress on both the political and the military-to-military relationship depends on progress in human rights. How specifically will you measure that progress and what if there is none?

DR. PERRY: There was an important step forward taken just a few weeks ago in human rights, where the foreign ministers agreed on a dialogue between the United States and China in this area.

This visit today gave us an opportunity, one of the opportunities, to pursue that dialogue. Indeed, we discussed this issue throughout the visit. And I would characterize as a constructive and positive dialogue.

QUESTION: So you are confident that there will be progress? Or what is the indication that there will be progress on human rights?

DR. PERRY: I have the good feeling that there will be progress in this area, yes. Yes, John?

QUESTION: John Diamond with AP. Can you tell us specifically what the Chinese officials agreed to by way of the issue of transparency in their military planning?

DR. PERRY: We proposed to the Chinese an exchange of information in this area where we arrange for a detailed briefing to be given to the Chinese military leaders here in Beijing. And that should happen within the next month. And [we] are inviting a reciprocal briefing in Washington to be given by Chinese defense officials. That will be the beginning of this exchange of information. And until we actually have that...those briefings, John, I can't comment...I can't give you an evaluation of how detailed or effective it's going to be.

QUESTION: Could I follow-up by just asking what specific pieces of information you're hoping to get? I assume defense spending levels and general strategy?

DR. PERRY: I would describe it by analogy with the press briefings we've given on what we call our bottom-up review. Which lays out our strategy, our policy and our budgets. It has some limited information on programs. We did not envision detailed exchange of programs. And I was very clear with the Chinese that we are not looking for military secrets, we're not looking details about weapons systems. It's strategy and budget and broad planning that we want to exchange. Michael?

QUESTION: Michael Gordon, New York Times. I believe you said

this morning that modest progress was made in a number of the areas. Beyond this arrangement for a briefing in Washington, what specific progress was made?

DR. PERRY: We made, I would say, modest progress in all of the areas that...all of the six areas that I described to you today. Some of them, to be sure, it will be difficult to quantify until the months ahead. The example that I gave John, for example, the exchange of briefings is a step forward, but it's a valuable step only depending on the information content exchanged... We won't know that for a while.

I think I would characterize that kind of progress in all areas. Very constructive discussions, agreements to take next steps. But the value you can put on those steps remain to be seen yet. I'm optimistic about that value, but I don't want to...don't want to assess...try to assess it at this time. Yes?

QUESTION: Jeff Parker from Reuters in Beijing. You mentioned about nuclear testing that you talked to the Chinese about ways of sharing possibly technological ways of helping them not have to test for the next few years. Does that involve delivering American technology or testing results to the Chinese? And did they also give you any kind of an insight into what their testing program will be for the next few years?

DR. PERRY: We got some general information about their plans for testing for the next two years. And what we were discussing is the ways of eliminating the need for testing and to do with computer simulation techniques. In our own country, we have concluded that an important means of avoiding the need for testing is to have computer simulations which simulate the results of testing. And the Chinese are pursuing that idea as well and we discussed the possibility of exchanging information in that field. And to the extent we can do that without compromising security, I think that will be a positive step forward. Yes?

QUESTION: I'm Deborah Wang from ABC. I wonder if you can give us a statement on defense conversion. Basically, why is this in the U.S. interest to go ahead with a conversion program with the Chinese. And the second part of the question is what do you think about critics who say that the defense industry is a monolithic industry here and even if you convert certain parts of it to civilian uses, some argue that that money often funnels its way back into military purposes.

DR. PERRY: Those are two different questions. Let me take them one at a time. We have established cooperative programs with defense conversion not only with China, but with Russia, Kazakhstan, and Belorus as well. And those programs have been

underway now for over a year.

The purpose of the programs is to find ways of using the excess capacity that all of our countries have today in defense production in peaceful commercial products. One of the reasons it's to our benefit to do that is to help these countries resist the pressure to make weapons even beyond their need. And that pressure is very real. I can tell you it is in our country as well as...I can assume it is in other countries as well. And secondly to resist the pressure for foreign arms sales. One very obvious way of exploring...of using the excess capacity in the arms industry in each of these countries is to continue to produce the same amount but then to sell the excess to other countries. And that creates their...its own set of policy and security issues. So to the extent we can be useful and constructive in diverting this pressure into the production of commercial goods, then I believe it is a security benefit.

Now the second part of your question had to do with the concern that the profits say from a commercial enterprise would be used to invest in defense products. And I can only say that...well, two things. First of all, the particular projects we're talking about

-- air traffic control and investments in electric vehicles and environmentally clean electric power plants -- are going to be cash consumers and investments requirements for years to come, rather than cash producers.

But more generally I think the point to be made is if Chinese companies, just like any other companies in the world, want to be in the commercial business and they're making profits in the commercial business, they want to stay in that business to invest those profits back in the next generation of commercial products. No company succeeds in the commercial business by deflecting its profits off into another field. The commercial business worldwide is very...is intensely competitive and the only companies that remain in that business and succeed and continue to grow, are those who plough the profits back into follow-on commercial products. Any company that tried to do divert the products off into another field -- like defense products -- would soon go out of that business. That's just...yes?

QUESTION: Mike Chinoy from CNN. Can you give us your reaction to, and your understanding of, the agreement that was reached in Geneva on the North Korean nuclear question?

DR. PERRY: No, I can't. The agreement... First of all, I would say that I welcome the agreement. Secondly, I want to caution you that it's just as an agreement between negotiators. It's not yet been approved in capitals. And, third, I want to say that this is an agreement which, before the President signs, will be

reviewed with our allies who have primary concern over this agreement.

In particular, I have changed my own trip itinerary and I plan to stop at Korea and Japan on the way home to meet with officials in the Korean and Japanese governments to brief them on the details of this agreement. I'm not free at this time though to discuss the details of the agreement because of the fact that it's still an ad referendum agreement. Yes?

QUESTION: I'm from Russian TASS News Agency. Mr. Secretary, can you tell...did you discuss with Chinese counterparts Russian arms sales to China? And if you did, can you give any idea in what way? And did you discuss the role of Russia in regional security with Chinese counterparts? Thank you.

DR. PERRY: Thank you. We did not discuss arms sales, either Russian or American arms sales to China. That was simply not an item on our agenda. We did discuss regional security issues, including the regional security issues involving China and Russia. That was not a detailed discussion. Generally, both China and the United States have, and seek to continue to have, peaceful relationships with Russia. We do not see Russia as a threat to the United States, we do not see China as a threat to the United States. And the goal of our policies is to continue to be able to make that statement. That is to continue peaceful relationships among our three countries. Yes?

QUESTION: From Xinhua News Agency. During your trip here, did you talk about U.S. arms sales to Taiwan with your China host? Does the U.S. plan to reduce the arms sales to that island?

DR. PERRY: No, we didn't discuss U.S. arms sales to Taiwan. In fact, again I repeat we didn't discuss conventional arms sales at all. All of our discussion on arms transfer had to do with nuclear weapons or weapons of mass destruction and ballistic missiles and ways in which those might be contained. And the question of conventional arms sales really did not come into the discussion.

I might say I was asked questions...some questions about U.S. arms sales to China by the business community that I met with this morning, the American business community. But that did not come up in the discussions with Chinese government officials.

MODERATOR: We have time for one more question.

QUESTION: George Wehrfritz from Newsweek. I'd like to know if you discussed or what was discussed in terms of the regional

2252

security issues across the Taiwan Strait and in the Spratleys.

DR. PERRY: I think the best answer I can give you to that is that when I was at the National Defense University this morning, I gave a fairly detailed talk on American policy and American attitude in regard to security issues in the Asia Pacific. There was a concentration on regional security issues and particular both of those issues -- Taiwan security issues and the Spratley islands -- came up. And I discussed our view in that in some considerable detail. Our Chinese...the Chinese officials with whom I met during the last two days have not raised that question to me; I raised the question to them.

Thank you very much.

WASHINGTON TIMES

Oct. 19, 1994

Pg. 13

China's army, Pentagon talking

By Charles Aldinger
REUTERS NEWS AGENCY

BEIJING — Defense Secretary William Perry said yesterday the Pentagon and China's army had agreed to hold broad strategic consultations, rekindling ties put on ice by Beijing's Tiananmen Square crackdown of 1989.

Mr. Perry said he also offered to share with China technology to simulate nuclear blasts on computers, hoping to persuade Beijing to curb its underground testing program.

"To the extent that we can do that [share information] without compromising security, I think it would be a step forward," Mr. Perry told reporters after two days of talks with army commanders

and Prime Minister Li Peng.

He did not say how the Chinese responded to the offer. China ignored appeals for a testing moratorium and set off its second test blast in four months on Oct. 7.

Mr. Perry's four-day visit was to culminate today in Wuhan in talks with President Jiang Zemin, the Communist Party chief who chairs the powerful Central Military Commission.

Calling his meetings "the first step of a long journey," Mr. Perry stressed that no sales of arms or military technology to China were discussed but said the People's Liberation Army (PLA) and the Pentagon had agreed to hold regular consultations on a range of military issues.

"I was very clear that we were not looking for secrets," Mr. Perry said. "It is in [military] strategy, budget and broad planning where we are looking for an exchange."

The Americans will give the first briefing "within the next month" in Beijing and have invited the Chinese to reciprocate later in Washington, he said.

Mr. Perry's visit was the first by a Pentagon chief since Washington froze military ties in 1989 after the communist government used the army to crush huge pro-democracy protests in Tiananmen Square with heavy loss of life.

He cited "modest progress" on all six issues he came to Beijing to

discuss: regional security, nuclear testing, proliferation, converting defense plants to civil production, human rights and openness in military matters.

Mr. Perry said the widening of military contacts was one aspect of President Clinton's policy of "broad, constructive engagement with China."

"I believe we have enhanced mutual trust and understanding to the benefit of both countries," Mr. Perry said. "Dialogue is in the security interest of both countries."

Mr. Clinton set the policy in May

when he separated human rights concerns from trade issues and, braving criticism from his own Democratic Party, renewed China's most-favored-nation trade privileges.

Mr. Perry said he had "constructive and positive" talks with the Chinese on human rights and was confident the country's rights situation would improve. "I have a good feeling there will be progress," he said without elaborating.

"We urged the PLA to exert a positive influence in this [human rights] problem," he said.

NEW YORK TIMES Oct. 19, 1994 Pg. 14

U.S. to China: Be More Open On Arms Plan

Perry in Rare Talk To Chinese Officers

By MICHAEL R. GORDON

Special to the New York Times

BEIJING, Oct. 18 — In a rare address to Chinese military officers, Defense Secretary William J. Perry urged China's armed forces today to be more open about the budget and the planning in order to ease concerns abroad.

"Your capabilities in all areas, including the military areas, are growing by the day," Mr. Perry told 300 Chinese colonels and generals. "It would be helpful if your defense budget and strategic planning were more open and visible to the outside world."

China's efforts to strengthen its armed forces has led to worries that Beijing might use its military to bully its neighbors and support its territorial claims in the South China

Sea. And those concerns have been aggravated by the military's penchant for secrecy.

Aides to Mr. Perry reported that the Chinese had agreed to send a team of defense officials to the Pentagon to outline their military plans until 2000, as part of a reciprocal information exchange.

But the officials said it was not clear just how forthcoming Beijing was prepared to be about the areas of concern cited today by Mr. Perry: China's actual level of military spending, its military strategy and its plans to upgrade its weaponry.

As the first American Defense Secretary to visit China since the Tiananmen Square crackdown in 1989, the simple fact that Mr. Perry was speaking to the officers was itself something of an event.

As he arrived at the National Defense University in Beijing, a military band in gleaming white uniforms struck up "America the Beautiful."

A large Red Star, the emblem of the People's Liberation Army, dominated the room as Mr. Perry spoke to a crowded room of officers dressed in green uniforms with yellow epaulets.

During the speech, a soft-spoken

Mr. Perry made his case for closer ties between the American and Chinese militaries, saying that Washington and Beijing have a special responsibility to insure stability in the western Pacific.

Mr. Perry said China needed to do more to restrain its sale of missile and other military technologies. Alluding to Chinese arms deals with Pakistan, he warned that an arms race between Pakistan and India, two nuclear powers, could lead to a "catastrophic" war on China's southern border.

Mr. Perry also warned that a nuclear-armed North Korea would be a menace. And he said China and Vietnam needed to eschew inflammatory statements and military issues intended to reinforce their territorial claims in the South China Sea.

Mr. Perry's mention of human rights, however, was brief and somewhat indirect. He said the failure to make progress in this area would give ammunition to critics of ties between Washington and Beijing.

Then the Defense Secretary took questions for about an hour from the Chinese officers, most of whom appeared to be looking toward their superiors on the podium for a guide about how to react.

At the end of the event, Gen. Zhu Dunfa, the President of the defense university, said Mr. Perry had given a speech of "great significance," raised his hands and gave a hearty applause. The officers quickly followed suit.

Mr. Perry's speech was one of the highpoints of his three-day visit to China, in which he also met with top military and civilian leaders, including Premier Li Peng. Mr. Perry's visit ends on Wednesday, when he visits Wuhan and Chongqing, and meets with President Jiang Zemin.

The polite and occasionally warm reception Mr. Perry received from the Chinese military stood in marked contrast to his meeting this morning with American business representatives. At the meeting, sponsored by the American Chamber of Commerce, business officials expressed little interest in the military issues Mr. Perry said were important for the future of the region and complained that Washington was not doing enough to help American companies do business here.

But in Washington, Mr. Perry's military talks have attracted more interest, including some criticism from conservatives and human rights supporters.

Mr. Perry sought to deal with the critics today by underscoring the potential benefits for American security of dealing with the Chinese while playing down expectations for immediate results.

Describing the overall progress in the talks as "modest," Mr. Perry said the Chinese appeared sensitive to American concerns. But he added, "The value you can put on those steps needs to be seen yet."

WASHINGTON POST

Oct. 19, 1994

Perry Emphasizes Pacific Stability

Secretary Addresses Chinese Officers, Is Blasted by U.S. Businessmen

By Steven Mufson

Washington Post Foreign Service

BEIJING, Oct. 18—It was difficult to say what was more incongruous when Defense Secretary William J. Perry arrived to give a speech at China's National Defense University today.

There was the fresco in the lobby that on the left depicted rifle-toting fighters with their mouths open in patriotic song and on the right showed people sitting behind a computer terminal, pushing a remote control device and looking at a television map of a battlefield.

There was the small, all-female Chinese band playing "America the Beautiful."

And then there was the American defense secretary receiving warm applause from a room filled with more than 200 Chinese officers of the People's Liberation Army, which fought against the United States in Korea in the 1950s and until 20 years ago had condemned the American pursuit of "world hegemony."

"The United States and China share a special obligation to secure the present and future stability in the West Pacific," Perry said in a

speech that focused on Pacific issues that could upset regional stability. It was the third day of Perry's four-day visit to China and the second stop in a day that also included a meeting with Premier Li Peng.

To help preserve that security and ease tensions between the two countries, Perry announced today that Washington and Beijing have agreed to exchange information on their overall defense strategies and spending and will hold regular meetings on a number of military issues.

Set up in 1985 by Chinese leader Deng Xiaoping, the National Defense University is a symbol of the effort to make the Chinese military into a more professional corps. In an army that for more than 20 years did not have ranks, the university was a way to give prospective officers short courses in strategy and planning.

The officers who attended today—some active-duty generals and some university staff members—were told not to ask Perry any embarrassing questions, and the three queries from the audience after the speech were lobbed gently over the plate.

"What role will the United States play in the maintenance of peace and security in the Asia-Pacific region?" one major asked. Other officers asked Perry about Washington's capability of fighting two regional conflicts at once and about the U.S. policy of "enlargement and engagement" for promoting U.S. principles and objectives.

Perry was well briefed by his advisers and sounded a theme dear to the hearts of Chinese leaders: stability. After decades of upheaval, Chinese leaders regularly cite stability as a reason for keeping controls on domestic politics and the movement of people. Perry today mentioned "stability" 17 times during his brief speech.

If Perry's visit to the National Defense University was peaceful, his breakfast session with American businessmen earlier bordered on open warfare.

Richard Latham, head of United Technologies Corp. in China, mounted a full-scale attack at the outset, complaining that American export licensing rules for technology are "fragmented" and that American companies were losing business to

Pg. 34

competitors from other countries.

"The problem for us is not cutting a good deal in China—rather it is cutting any sort of a deal back in our own country," Latham said. Though the Chinese bureaucracy is legendary for its byzantine ways, Latham said, "In our most paranoid moments we have conjectured that officials in Washington and Beijing all graduated from the same school of public administration."

Perry discarded his prepared remarks to defend the administration, noting that he had not come to China to sell equipment. As for lifting export controls put in place after the 1989 Tiananmen Square massacre of pro-democracy demonstrators by Chinese troops, Perry said bluntly, "That is not in the cards any time in the foreseeable future."

Yet some technology transfer might still be allowed. Perry said that in order to persuade Chinese military leaders to immediately halt underground nuclear weapons tests, the United States was prepared to help give China computers that could aid in nuclear explosion simulations. It was, Perry said, part of President Clinton's policy of "constructive engagement" toward China.

Perry added later in a press conference that "in the United States' judgment, China's military development does not pose a threat."